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West Baton Rouge Parish Public Utility  
Port Allen, Louisiana  
FINANCIAL STATEMENTS AND SUPPLEMENTAL MATERIAL  
November 30, 2007 and 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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**WEST BATON ROUGE PARISH PUBLIC UTILITY  
PORT ALLEN, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2007**

The Management of West Baton Rouge Parish Public Utility (the Utility) has prepared this Discussion and Analysis. The Discussion and Analysis presents a narrative overview and analysis of the Utility's financial activities as of and for the year ended November 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

**FINANCIAL HIGHLIGHTS**

- \* The Utility's assets exceeded its liabilities at the close of fiscal year 2007 by \$10,802,411 which represents a 5.3% increase from last fiscal year. Of this amount, \$480,256 (unrestricted net assets) may be used to meet the Utility's ongoing obligations to its customers.
- \* The Utility's operating loss increased by \$100,824 and loss before contributions and transfers increased by \$76,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of three parts: Management Discussion and Analysis, basic financial statements, and supplementary information. This Discussion and Analysis is intended to serve as an introduction to the Utility's basic financial statements. The basic financial statements present information for the Utility and is designed to make the statements easier to understand. The basic financial statements consists of the Utility's financial statements and notes to the financial statements.

**BASIC FINANCIAL STATEMENTS**

The basic financial statements present information for the Utility as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheets, Statements of Revenues and Expenses, Statements of Changes in Net Assets, and Statements of Cash Flows.

The Balance Sheet presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Utility is improving or deteriorating.

**WEST BATON ROUGE PARISH PUBLIC UTILITY  
PORT ALLEN, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2007

**BASIC FINANCIAL STATEMENTS - CONTINUED**

The Statement of Revenues and Expenses and the Statement of Changes in Net Assets present information showing how the Utility's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. *As a result, there are transactions included that will not affect cash until future fiscal periods.*

The Statement of Cash Flows presents information showing how the Utility's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 1,653,066	\$ 1,674,571	\$ 2,130,181
Capital assets	<u>10,322,155</u>	<u>9,799,114</u>	<u>9,608,495</u>
Total assets	\$ <u>11,975,221</u>	\$ <u>11,473,685</u>	\$ <u>11,738,676</u>
Other liabilities	\$ 1,075,899	\$ 1,123,501	\$ 1,739,455
Long-term debt liabilities	<u>96,911</u>	<u>95,754</u>	<u>95,006</u>
Total liabilities	<u>1,172,810</u>	<u>1,219,255</u>	<u>1,834,461</u>
Net assets:			
Invested in capital assets, net of debt	10,322,155	9,799,114	9,608,495
Unrestricted	<u>480,256</u>	<u>455,316</u>	<u>295,720</u>
Total net assets	<u>10,802,411</u>	<u>10,254,430</u>	<u>9,904,215</u>
Total liabilities and net assets	\$ <u>11,975,221</u>	\$ <u>11,473,685</u>	\$ <u>11,738,676</u>

**WEST BATON ROUGE PARISH PUBLIC UTILITY  
PORT ALLEN, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2006

**FINANCIAL ANALYSIS OF THE ENTITY - CONTINUED**

Net assets of the Utility increased by \$547,981, or 5.3%, from November 30, 2006 to November 30, 2007.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 5,878,154	\$ 6,143,299	\$ 5,479,537
Operating expenses	<u>6,055,980</u>	<u>6,220,301</u>	<u>6,074,421</u>
Operating loss	(177,826)	(77,002)	(594,884)
Non-operating revenues (expenses)	<u>27,726</u>	<u>2,903</u>	<u>18,706</u>
Loss before contributions and transfers	(150,100)	(74,099)	(576,178)
Contributions and transfers	<u>698,081</u>	<u>424,314</u>	<u>1,538,566</u>
Net increase (decrease) in net assets	\$ <u>547,981</u>	\$ <u>350,215</u>	\$ <u>962,388</u>

**CAPITAL ASSETS**

As of November 30, 2007, the Utility had \$10,322,155, net of accumulated depreciation, invested in capital assets, including land, right of ways, equipment, and plant and distribution systems. This amount represents a net increase (including additions and deductions) of \$523,041, or 5.34%, from last year.

**WEST BATON ROUGE PARISH PUBLIC UTILITY  
PORT ALLEN, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2007

**CAPITAL ASSETS - CONTINUED**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Equipment, Plant and Distribution Systems	\$ 17,061,330	\$ 16,113,774	\$ 15,519,039
Less Accumulated Depreciation	<u>6,739,175</u>	<u>6,314,660</u>	<u>5,910,544</u>
Net	\$ <u>10,322,155</u>	\$ <u>9,799,114</u>	\$ <u>9,608,495</u>

This year's significant capital additions included above were:

* Sewer systems	\$ 578,191
* Gas and Water distribution systems	\$ 291,619

The Utilities fixed assets increased by a total of \$947,556. Of that increase \$698,081 was from capital transfers and capital contributions. Subdivision developers contributed \$698,081 of gas, water, and sewer improvements to the Utility.

**CONTACTING THE UTILITY'S MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Utility's finances and to show the Utility's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pam Keowen, Office Supervisor, West Baton Rouge Parish Public Utility. Ms. Keowen can be reached by phone at (225) 490-8520.



**CALVIN L. ROBBINS, JR.**  
CERTIFIED PUBLIC ACCOUNTANT  
(A PROFESSIONAL CORPORATION)

Independent Auditor's Report

West Baton Rouge Parish Council  
Port Allen, Louisiana

I have audited the accompanying financial statements of the West Baton Rouge Parish Public Utility, a component unit of the West Baton Rouge Parish Council, for the years ended November 30, 2007 and 2006, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Public Utility. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the financial statements present only the West Baton Rouge Parish Public Utility and are not intended to present fairly the financial position of West Baton Rouge Parish and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds in conformity with accounting principles generally accepted in the United States of America.

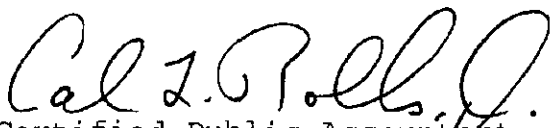
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Baton Rouge Parish Public Utility as of November 30, 2007 and 2006, and the results of its operations and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

West Baton Rouge Parish Council

In accordance with Government Auditing Standards, I have issued a report dated May 27, 2008 on my consideration of the West Baton Rouge Parish Public Utility's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis information on pages i through v are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the West Baton Rouge Parish Public Utility. Such information, except for the Schedule of Insurance Coverage and Operating Statistics marked "unaudited", on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to such financial statements taken as a whole.

  
Certified Public Accountant  
(A Professional Corporation)

May 27, 2008  
Baton Rouge, Louisiana



West Baton Rouge Parish Public Utility

Port Allen, Louisiana

BALANCE SHEETS

November 30, 2007 and 2006

A S S E T S

LIABILITIES AND NET ASSETS

	2007	2006		2007	2006
<u>Current Assets</u>			<u>Current Liabilities - (Payable from Current Assets)</u>		
Cash:			Accounts payable	\$ 320,043	\$ 359,692
Payroll account	\$ 20,975	\$ 3,837	Accrued and withheld taxes and expenses	69,009	62,406
Revenue account	129,028	171,414	Lease Payable	-0-	-0-
Other accounts	155,891	322,243	Miscellaneous payables	6,534	6,486
On hand	<u>895</u>	<u>895</u>	Payable to other systems and the Parish Council		
Total Cash	306,789	498,389	Payable to State of Louisiana	<u>301,167</u>	<u>301,167</u>
Investments (See Note 4)	274,279	262,586	Total Liabilities (Payable from Current Assets)	<u>732,489</u>	<u>795,867</u>
Accounts receivable (See Note 9)	653,932	507,444			
Prepaid expenses	<u>39,837</u>	<u>43,699</u>	<u>Current Liabilities - (Payable from Restricted Assets) (See Note 12)</u>	<u>343,410</u>	<u>327,634</u>
Total Current Assets	1,274,837	1,312,118			
<u>Restricted Asset - (See Note 3)</u>			<u>Long-Term Liabilities</u>		
Customers' deposits	<u>343,410</u>	<u>327,634</u>	Accumulated unpaid vacation (See Note 11)	<u>96,911</u>	<u>95,754</u>
<u>Utility Plant and Equipment</u>					
At cost, net of accumulated depreciation (See Note 5)	10,322,155	9,799,114	Total Liabilities	<u>1,172,810</u>	<u>1,219,255</u>
<u>Other Assets</u>					
Due from Water District No. 4 (See Note 7)	<u>34,819</u>	<u>34,819</u>	<u>Net Assets</u>		
			Invested in Capital Assets, net of related debt	10,322,155	9,799,114
			Unrestricted	<u>480,256</u>	<u>455,316</u>
			Total Net Assets	<u>10,802,411</u>	<u>10,254,430</u>
Total Assets	\$ <u>11,975,221</u>	\$ <u>11,473,685</u>	Total Liabilities and Net Assets	\$ <u>11,975,221</u>	\$ <u>11,473,685</u>

See accompanying notes to financial statements.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

STATEMENTS OF CHANGES IN  
NET ASSETS

For the years ended November 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Beginning Balance, December 1	\$ 10,254,430	\$ 9,904,215
Increase (Decrease) in net assets for the year	<u>547,981</u>	<u>350,215</u>
Balance, November 30	\$ <u>10,802,411</u>	\$ <u>10,254,430</u>

Net Assets at November 30, 2007 and 2006  
consists of the following:

Invested in capital assets, net of related debt	\$ 10,322,155	\$ 9,799,114
Unrestricted	<u>480,256</u>	<u>455,316</u>
Balance, November 30	\$ <u>10,802,411</u>	\$ <u>10,254,430</u>

See accompanying notes to financial statements.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

STATEMENTS OF REVENUES AND EXPENSES

For the years ended November 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Operating Revenues</u>		
Gas sales	\$ 4,262,268	\$ 4,539,832
Water sales	882,749	862,267
Penalties	26,170	33,823
Extension and connection charges	49,526	70,728
Service agreement (See Note 7)	210,290	226,984
Sewer income	404,436	380,503
Other income (See Note 10)	40,632	27,894
Bad debt recovery	<u>2,083</u>	<u>1,268</u>
Total Operating Revenues	5,878,154	6,143,299
<u>Operating Expenses</u>		
Gas purchases	3,327,728	3,552,639
Water purchases	2,458	2,288
Salaries and wages	1,212,877	1,210,346
Depreciation	424,515	406,142
Meter and system repairs and supplies	234,016	244,451
Bad debts	5,851	11,358
Cathodic protection	17,356	8,413
Collection expense	1,200	1,200
Equipment rental and repair	10,694	4,374
Equipment service contracts	38,267	38,557
Operator qualification	750	10,770
Insurance - employee benefits	232,528	205,275
Insurance and surety bonds	89,475	93,895
Miscellaneous	36,096	22,867
Office supplies and postage	22,799	28,053
Payroll taxes	12,019	10,897
Professional services	21,620	27,308
Telephone	4,435	4,970
Truck and travel	67,384	60,492
Utilities	134,493	123,736
Retirement	157,189	151,770
Unemployment compensation	<u>2,230</u>	<u>500</u>
Total Operating Expenses	6,055,980	6,220,301
Operating Loss	(177,826)	(77,002)

(CONTINUED)

See accompanying notes to financial statements.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

STATEMENTS OF REVENUES AND EXPENSES - (Cont'd)

For the years ended November 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Loss from the preceding page	\$ <u>-(177,826)</u>	\$ <u>-(77,002)</u>
<u>Nonoperating Revenues</u>		
Interest on investments and savings	23,403	34,820
(Loss) gain on investments	<u>6,112</u>	<u>(16,861)</u>
Total Nonoperating Revenues	- <u>29,515</u>	- <u>17,959</u>
<u>Nonoperating Expenses</u>		
Interest expense	-0-	13,341
Investment fees	<u>1,789</u>	<u>1,715</u>
Total Nonoperating Expense	- <u>1,789</u>	- <u>15,056</u>
Loss before contributions and transfers	(150,100)	(74,099)
<u>Capital Contributions and Transfers</u>	<u>698,081</u>	<u>424,314</u>
Increase (Decrease) in Net Assets	\$ <u>547,981</u>	\$ <u>350,215</u>

See accompanying notes to financial statements.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended November 30, 2007 and 2006

Increase (Decrease) in Cash and Cash Equivalents

	<u>2007</u>	<u>2006</u>
<u>Cash Flows from Operating Activities:</u>		
Receipts from customers	\$ 5,747,442	\$ 6,488,703
Payments to suppliers and providers	(4,470,809)	(4,819,982)
Payment to employees	(1,207,138)	(1,204,616)
Net cash provided(used) by operating activities	_ _69,495	_ 464,105
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Capital Contribution and transfer	-0-	23,935
Acquisition and construction of capital assets	(249,475)	(196,382)
Cash Advance Parish Council-net	(11,877)	(130,651)
Short-Term Debt Issued	-0-	-0-
Short-Term Debt Repaid	-0-	(284,390)
Interest Paid	-0-	(13,341)
Investment fees	_(1,789)	_(1,715)
Net cash provided (used) by capital and financing activities	_(263,141)	_(602,544)
Net cash before cash flows before investing activities	(193,646)	(138,439)

(CONTINUED)

See accompanying notes to financial statements.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

STATEMENTS OF CASH FLOWS - (Cont'd)

For the years ended November 30, 2007 and 2006

Increase (Decrease) in Cash and Cash Equivalents

	<u>2007</u>	<u>2006</u>
Net cash before cash flows before investing activities - from the preceding page	\$ <u>(193,646)</u>	\$ <u>(138,439)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and dividends on investments	23,403	34,820
Purchase of investment securities	(55,293)	(47,116)
Sale of investment securities	<u>49,712</u>	<u>332,409</u>
Net cash provided by investing activities	<u>17,822</u>	<u>320,113</u>
Net (decrease) increase in cash and cash equivalents	(175,824)	181,674
Cash and cash equivalents at the beginning of the year	<u>826,023</u>	<u>644,349</u>
Cash and cash equivalents at the end of the year	\$ <u>650,199</u>	\$ <u>826,023</u>

Cash Flow Disclosures

Noncash Investing, Capital, and Financing Activities

During 2007 developers donated gas, water and sewer improvements valued at \$698,081 to the Public Utility.

During 2006 the Parish Council transferred improvements and equipment costing \$76,883 to the West Baton Rouge Parish Public Utility. Also during 2006, developers donated gas, water and sewer improvements valued at \$323,496.

<u>Interest Paid</u>	<u>2007</u>	<u>2006</u>
Interest charged to expense	\$ <u>-0-</u>	\$ <u>13,341</u>
Interest capitalized	\$ <u>-0-</u>	\$ <u>-0-</u>

See accompanying notes to financial statements.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended November 30, 2007 and 2006

Increase (Decrease) in Cash and Cash Equivalents

	<u>2007</u>	<u>2006</u>
<u>Reconciliation of Operating Income to</u> <u>Net Cash Provided by Operating</u> <u>Activities:</u>		
Operating (loss) income	\$ <u>(177,826)</u>	\$ <u>(77,002)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	424,515	406,142
Salvage values expensed	-0-	-0-
(Increase) Decrease in assets:		
Accounts receivable	(146,488)	339,433
Prepaid expenses	3,862	(4,303)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	(33,046)	(206,194)
Miscellaneous payables	48	(690)
Payable to other systems	(18,503)	(10,123)
Accumulated unpaid vacation	1,157	748
Customer deposits	<u>15,776</u>	<u>16,094</u>
Total adjustments	<u>247,321</u>	<u>541,107</u>
Net cash provided (used) by operating activities	\$ <u><u>69,495</u></u>	\$ <u><u>464,105</u></u>

See accompanying notes to financial statements.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS

November 30, 2007 and 2006

INTRODUCTION

West Baton Rouge Parish Public Utility operates a water system, natural gas system and sewer system serving residences and businesses in parts of West Baton Rouge Parish. The Public Utility extends credit to its customers. Customers are required to make a cash deposit or provide other forms of collateral before service begins.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the West Baton Rouge Parish Public Utility have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The preparation of financial statements in conformity with GAAP requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards. The Financial Accounting Standards Board (FASB) and the Accounting Principles Board are the accepted standard setting body for establishing accounting and financial reporting standards for entities other than governmental units. The Utility applies all FASB pronouncements and APB opinions issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in

(CONTINUED)



West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

conformance with GASB Statement No. 14, the West Baton Rouge Parish Public Utility includes all funds, account groups, et cetera, that are within the oversight responsibility of the Public Utility. Based on the criteria set forth in GASB Statement No. 14, the Public Utility is a component unit of the West Baton Rouge Parish Council. The basic criteria is the Council's ability to exercise oversight responsibility.

Other criteria used to determine if a governmental unit is a component unit are financial interdependency, designation of management, the ability to significantly influence operations and accountability for fiscal matters. Based on all the criteria set forth, the West Baton Rouge Parish Public Utility has no component units.

Proprietary Fund

The West Baton Rouge Parish Public Utility is operated as an proprietary (enterprise) fund of the West Baton Rouge Parish Council, and as such employs the accrual method of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. Revenue from utility services provided but not yet billed to customers are recognized in the period in which the services were provided.

Proprietary (enterprise) funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

(CONTINUED)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

Cash and Investments

Cash deposited with financial institutions is carried at cost which approximates market.

Investments are stated at fair market value.

Utility Plant and Equipment

Utility plant and equipment are recorded at original cost, including interest capitalized during the construction period. Donated fixed assets are recorded at fair market value when donated. Depreciation is recorded on all assets using the straight-line method over the estimated useful lives of the assets. The service lives by type of asset are as follows:

Gas system	20-35 years
Water system	30-50 years
Sewer System	50 years
Utility equipment	5-10 years
Office equipment	5-10 years
Vehicles	4-5 years
Buildings	20 years

(CONTINUED)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

Capitalization of Interest

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the year ended November 30, 2007 or 2006.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, West Baton Rouge Parish Public Utility considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The Public Utility does not consider its investment in FNMA and FMAC securities or any funds held by its brokers as cash equivalents (See Note 4).

Cash and cash equivalents are shown under the following captions on the balance sheet:

	<u>2007</u>	<u>2006</u>
Cash	\$ 306,789	\$ 498,389
Restricted asset	<u>343,410</u>	<u>327,634</u>
Total	\$ <u>650,199</u>	\$ <u>826,023</u>

NOTE 2. CASH AND INVESTMENTS

Cash is shown on the balance sheet under various captions including restricted assets. The carrying value of cash on deposit with financial institutions on November 30, 2007 was \$649,304, all bank deposits were in interest bearing accounts.

(CONTINUED)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

**NOTE 2. CASH AND INVESTMENTS - (Cont'd)**

The bank balances of these deposits totaled \$660,445 on November 30, 2007. At November 30, 2007 the Utility's bank balances were secured by \$100,000 of FDIC insurance, and \$1,222,882 of collateral held by the pledging financial institution's agent in the name of the pledging financial institutions and pledged to the Utility (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, the West Baton Rouge Parish Public Utility may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana. Funds may also be invested in direct United States Treasury obligations and obligations guaranteed by federal agencies provided such obligations are backed by the full faith and credit of the United States of America. Investment is also permitted in obligations issued or guaranteed by U.S. government instrumentalities, which are federally sponsored. Statutes also allow the Utility to invest in any investment as stipulated in R.S. 33:2955.

The Utility may invest such monies it has in any general fund or special funds which the management of the Utility and Parish Council, in their discretion, may determine to be available for investment and which are not specifically exempted or prohibited from investment under existing state or federal statutes.

**NOTE 3. RESTRICTED ASSET**

The restricted asset is the checking account used to hold the deposits made by customers to secure service from the West Baton Rouge Parish Public Utility. These funds can only be used to repay deposits to customers upon their termination of service.

West Baton Rouge Parish Public Utility  
Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

**NOTE 4. INVESTMENTS**

At November 30, the Public Utility had investments as follows:

	<u>Fair Value Carrying Amount</u>	<u>Cost</u>
<b><u>2007:</u></b>		
Various U.S. Treasury obligations, 3.0% to 4.75%, due between 5/07 and 11/17	\$ 113,004	\$ 111,379
Various GNMA pools, 5% to 6.5%, due between 9/27 and 6/34	39,036	38,660
Various FNMA and FHLMC pools, 3.25% to 7%, due between 11/07 and 3/35	96,326	95,825
Cash funds	<u>25,913</u>	<u>25,913</u>
Total	\$ <u>274,279</u>	\$ <u>271,777</u>

**CREDIT RISK AND CUSTODIAL RISK**

Investments are limited by state law and the Public Utility investment policy. The investments are held by the Public Utility's broker in its street name.

**INTEREST RATE RISK**

The Public Utility investment policy does not address interest rate risk specifically.

(CONTINUED)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 4. INVESTMENTS - (Cont'd)

	<u>Fair Value Carrying Amount</u>	<u>Cost</u>
<u>2006:</u>		
Various U.S. Treasury obligations, 3.0% to 4.75%, due between 5/07 and 11/15	\$ 120,200	\$ 123,962
Various GNMA pools, 5% to 6.5%, due between 9/27 and 6/34	46,486	47,536
Various FNMA and FHLMC pools, 3.25% to 7%, due between 11/07 and 3/35	83,551	84,832
Cash funds	<u>12,349</u>	<u>12,349</u>
Total	\$ <u>262,586</u>	\$ <u>268,679</u>

NOTE 5. UTILITY PLANT AND EQUIPMENT

Utility Plant and Equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
As of November 30, 2007:			
Gas distribution system	\$ 3,741,288	\$2,103,383	\$1,637,905
Water distribution system	6,604,996	2,881,868	3,723,128
Sewer system	5,323,965	737,449	4,586,516
Utility and sewer equipment	733,042	516,241	216,801
Office equipment	163,253	127,800	35,453

(CONTINUED)

West Baton Rouge Parish Public Utility  
Port Allen, Louisiana  
NOTES TO FINANCIAL STATEMENTS - (Cont'd)  
November 30, 2007 and 2006

NOTE 5. UTILITY PLANT AND EQUIPMENT - (Cont'd)

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Vehicles	330,571	271,116	59,455
Buildings	110,237	101,318	8,919
Land	<u>53,978</u>	<u>-0-</u>	<u>53,978</u>
Totals	<u>\$17,061,330</u>	<u>\$6,739,175</u>	<u>\$10,322,155</u>

As of November 30, 2006:

Gas distribution system	\$ 3,595,346	\$2,027,865	\$1,567,481
Water distribution system	6,459,319	2,742,038	3,717,281
Sewer system	4,745,774	606,223	4,139,551
Utility and sewer equipment	689,537	472,074	217,463
Office equipment	161,439	112,051	49,388
Vehicles	299,433	254,155	45,278
Buildings	108,948	100,254	8,694
Land	<u>53,978</u>	<u>-0-</u>	<u>53,978</u>
Totals	<u>\$16,113,774</u>	<u>\$6,314,660</u>	<u>\$ 9,799,114</u>

(CONTINUED)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 5. UTILITY PLANT AND EQUIPMENT - (Cont'd)

Cost includes sewer, gas, and water systems donated to the Parish valued at fair market value, which approximated original cost, on the date donated. Donated assets valued at fair market value totaled \$1,855,682 and \$1,157,601 at November 30, 2007 and 2006 respectively.

NOTE 6. PENSION PLAN

Substantially all employees of the West Baton Rouge Parish Public Utility are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The system is composed of two distinct plans, Plan A and Plan B, with separate assets, and separate benefit provisions. All employees of the Public Utility are members of Plan A.

All permanent employees working at least 28 hours per week and who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final-average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980, plus 3 percent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and who do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

(CONTINUED)



West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 6. PENSION PLAN - (Cont'd)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the West Baton Rouge Parish Public Utility is required to contribute at an actuarially determined rate. The current rate is 13.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the West Baton Rouge Parish Public Utility are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The West Baton Rouge Parish Public Utility contributions to the System under Plan A for the years ending November 30, 2007, 2006 2005, 2004, and 2003 were \$157,189, \$151,770 \$148,118, \$135,715, and \$91,322, respectively, equal to the required contributions for each year.

NOTE 7. WATER SYSTEM AGREEMENT

The West Baton Rouge Parish Public Utility leases several water systems to Water Works District No. 4 (another component unit of the West Baton Rouge Parish Council) under a local services agreement entered into in February, 1982. The lease expired in 1996, but continues on a month to month basis.

(CONTINUED)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 7. WATER SYSTEM AGREEMENT - (Cont'd)

Rental income from the leased water systems was \$1,251 for the year ended November 30, 2007 and \$1,251 for the year ended November 30, 2006.

A separate operating agreement entered into with Water Works District No. 4, requires the Public Utility to operate the systems it leases to Water Works District No. 4. The agreement also provides for the Public Utility to operate any additional water systems acquired or constructed by the Water Works District. The operating agreement's term coincides with that of the local services agreement described above. Fees under the operating agreement are based on the Water System's proportionate share of the Public Utility's office, administrative, operating and maintenance expenses. The Public Utility billed Water Works District No. 4 \$150,918 under the operating agreement for the year ended November 30, 2007 and \$147,166 for the year ended November 30, 2006. In addition, the Public Utility billed Water Works District No. 4 \$58,121 and \$40,334 during the years ended November 30, 2007 and 2006 for additional maintenance and services provided that were not covered by the original operating agreement. Water Works District No. 4 owed the Public Utility \$28,264 and \$26,246 as of November 30, 2007 and 2006, respectively for these services. The receivables are included in Accounts Receivable on the Balance Sheet.

In addition to the regular services provided for under the Water Service Agreement, the Public Utility assisted Water Works District No. 4 in relocating some of its water lines during the year ended November 30, 1990. The relocation was required by the Louisiana Department of Transportation (See Note 13). Total cost of relocating the Water District's lines was \$34,819. The balance owed to the Public Utility as of November 30, 2007 and 2006 was \$34,819, and is shown in the Other Asset section of the Balance Sheet.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 8. WEST BATON ROUGE PARISH COUNCIL

Garbage Billing Fees - The West Baton Rouge Public Utility bills and collects Garbage Fees for the West Baton Rouge Parish Council. The Utility is paid \$ .33 per customer billing for providing this service. The Utility earned \$4,150 for the year ended November 30, 2007 and \$4,003 for the year end November 30, 2006 for providing this service. In addition to the per customer fee, in 2006 the Council paid the Utility \$9,500 to help defray the costs associated with the collection of garbage and trash. The Utility owed the Council \$14,431 for garbage fees collected and other amounts collected but not remitted to the Council at November 30, 2007. The amount owed to the Council at November 30, 2006 was \$14,033.

Insurance Premiums - The West Baton Rouge Parish Council purchases insurance policies to cover its risks. Some policies purchased also cover the risks of the West Baton Rouge Parish Public Utility. The Public Utility reimburses the Parish Council for its portion of the premiums. At November 30, 2007 the Utility owed the Council \$176 for insurance premiums. At November 30, 2006 the Utility owed the Council \$11,136 for insurance.

Cash Advance - During 2005 the Parish Council made a cash advance to the Public Utility. The original amount advanced was \$150,000. During 2005, \$7,472 was repaid leaving a balance of \$142,528 payable at November 30, 2005. During 2006, \$130,651 was repaid, leaving a balance owed of \$11,877 at November 30, 2006. That balance was repaid during the fiscal year ended November 30, 2007.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

**NOTE 9. ACCOUNTS RECEIVABLE**

Accounts receivable at November 30, 2007 and 2006 was made up of the following:

	<u>2007</u>	<u>2006</u>
Customer accounts:		
Billed	\$ 494,239	\$ 367,353
Unbilled	101,318	108,422
Receivable from other entities	<u>62,175</u>	<u>35,469</u>
Total	657,732	511,244
Less allowance for doubtful account	<u>(3,800)</u>	<u>(3,800)</u>
Net	\$ <u>653,932</u>	\$ <u>507,444</u>

**NOTE 10. OTHER INCOME**

Other income as of November 30, 2007 and 2006 was composed of the following:

	<u>2007</u>	<u>2006</u>
Service charges	\$ 17,919	\$ 8,860
Charges to other entities	14,872	-0-
Garbage billing and service fees	4,150	13,503
Miscellaneous income	<u>3,691</u>	<u>5,531</u>
Total	\$ <u>40,632</u>	\$ <u>27,894</u>

**NOTE 11. ACCUMULATED UNPAID VACATION**

The Utility has the following policy relating to vacation:

One week of vacation after six months of service.

Two weeks of vacation after one to five years of service.

Three weeks of vacation after five to fifteen years of service.

(Continued)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 11. ACCUMULATED UNPAID VACATION - Cont'd

Four weeks of vacation after fifteen to twenty years of service.

Five weeks of vacation after twenty or more years of service.

Each employee accrues annual leave on January 1 of each year for that year. Employees can accumulate up to 300 hours of unused vacation.

During 2007, employees earned approximately \$58,906 of vacation pay and used approximately \$57,749. As of November 30, 2007 and 2006, employees of the Utility had accumulated and vested \$96,911 and \$95,754, respectively, of vacation benefits.

The Utility's sick leave policy does not provide for the vesting of sick leave; therefore, there is no provision for accumulated sick leave on these statements.

NOTE 12. CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The following current liabilities were payable from restricted assets as of November 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Customers' deposits	\$ <u>343,410</u>	\$ <u>327,634</u>

NOTE 13. PAYABLE TO STATE OF LOUISIANA

During the year ended November 30, 1997, the Public Utility was required to relocate some of its gas lines by the Louisiana Department of Transportation. The gas lines were located on Highway Department right-of-ways for roads that were being widened. The Department of Transportation agreed to loan the Public Utility funds to finance the relocation. At November 30, 1997, \$63,791 had been advanced to the Public Utility to assist in paying costs incurred to that date on the relocation project. During the years ended November 30, 1999 and 1998, \$15,126 and \$108,783 were advanced to cover costs incurred during those years. The total amount payable

(CONTINUED)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 13. PAYABLE TO STATE OF LOUISIANA - Cont'd

on this loan was \$187,700 at November 30, 2007 and 2006.

During the year ended November 30, 1990, the Public Utility was required by the Louisiana Department of Transportation to relocate some gas and water lines located on highway right-of-ways, to allow for widening of those highways. The Public Utility received \$197,900 from the Louisiana Department of Transportation (DOTD) during the year ended November 30, 1992. Of this amount, \$113,467 was a loan from DOTD and is shown as a current liability on the Balance Sheet and \$84,433 was a grant from DOTD. The Public Utility had not repaid the loan as of November 30, 2006.

NOTE 14. POST-EMPLOYMENT HEALTH CARE BENEFITS

Retiree Benefits

In addition to the pension benefits described in Note 6, the Parish Council adopted an ordinance that provides post-retirement health care benefits to all employees who retire from the Utility at or after age 60 with at least 10 years of service, at or after the age 55 with 25 years of service, or at any age with 30 years of service. Currently, eight retirees meet those eligibility requirements. The Utility pays for 100% of the medical insurance costs for retirees. The cost of retiree health care benefits is recognized as an expenditure as paid. For the years ended November 30, 2007 and 2006, those costs totaled \$40,571 and \$34,145, respectively.

COBRA Benefits

Under the Consolidated Budget Reconciliation Act (COBRA), the Public Utility provides health insurance benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are to be paid in full by the insured. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the Public Utility under this program. There were no participants in the program as of November 30, 2007 and 2006.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

**NOTE 15. RELATED PARTY TRANSACTIONS**

In addition to the transactions discussed in Notes 7 and 8 to these financial statements the West Baton Rouge Parish Public Utility had dealings with another component unit of the West Baton Rouge Parish Council.

The Utility and another water system in the Parish share the cost of operating a water well. The Utility billed the other system \$2,747 and \$1,784 for costs paid by the Utility during the years ended November 30, 2007 and 2006, respectively. The other system owed the Utility \$2,747 at November 30, 2007 and \$1,784 at November 30, 2006.

The other system billed the Utility for \$21,101 and \$29,070 for costs it paid during the years ended November 30, 2007 and 2006, respectively. The Utility owed the other system \$21,101 at November 30, 2007 and \$29,070 at November 30, 2006.

The other system also collects sewer fees from its water customers who are sewer customers of the West Baton Rouge Parish Public Utility for the Utility. At November 30, 2007 and 2006 the other system owed the Utility \$5,700 and \$5,439 respectively.

In addition to the other water system, mentioned above, the Utility did some utility work for two other component units of the Parish Council. Those agencies were billed \$25,464 for that work to cover the cost of labor and material. That amount was owed to the Utility at November 30, 2007. The Utility also owed \$48 to another entity.

**NOTE 16. MAJOR CUSTOMERS AND CREDIT CONCENTRATIONS**

Water sales to Placid Refining Company accounted for 38.9% of water sales for the year ended November 30, 2007 and 40.0% for the year ended November 30, 2006. The receivable from Placid was approximately 9.2% of total accounts receivable at November 30, 2007 and 4.2% of total accounts receivable at November 30, 2006.

(Continued)

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 16. MAJOR CUSTOMERS AND CREDIT CONCENTRATIONS - (Cont'd)

Gas sales to a customer in the highway construction business accounted for 7.51% of gas sales for the year ended November 30, 2007 and 6.82% for the year ended November 30, 2006. The receivable from this customer was approximately 10.8% of total accounts receivable at November 30, 2007 and 12.5% of the accounts receivable balance at November 30, 2006.

Gas sales to a second customer in the highway construction business accounted for 5.81% of gas sales for the year ended November 30, 2007 and 7.5% for the year ended November 30, 2006. The receivable from this customer was approximately 7.8% of total receivables at November 30, 2007, and 10.3% of total receivables at November 30, 2006.

Gas sales to a customer in the shipyard business accounted for 11.4% of gas sales for the year ended November 30, 2007 and 11.0% for the year ended November 30, 2006. The receivable from this customer was approximately 13% of total accounts receivable as of November 30, 2007 and 11.6% as of November 30, 2006.

Water sales to a customer in the chemical industry accounted for approximately 9.4% of water sales for the year ended November 30, 2007 and 11.23% the year ended November 30, 2006. The receivable from this customer was approximately 1.1% of total accounts receivable as of November 30, 2007. The receivable from this customer at November 30, 2006 was 1.2% of receivables.

There is also a concentration of credit risk with respect to accounts receivable associated with the limited geographic area served by the West Baton Rouge Parish Public Utility.



West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 17. DEFERRED COMPENSATION

Certain employees of West Baton Rouge Parish Public Utility participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397. The West Baton Rouge Parish Public Utility does not contribute to the plan.

NOTE 18. CAPITAL CONTRIBUTIONS AND TRANSFERS

Capital contributions and transfers for the year ended November 30 are as follows:

	<u>2007</u>	<u>2006</u>
From the Parish Council:		
Sewer improvements	\$ -0-	\$ 31,008
Equipment	-0-	45,875
Well abandonment	-0-	23,935
From developers:		
Gas, water & sewer improvements	<u>698,081</u>	<u>323,496</u>
Total	\$ <u>698,081</u>	\$ <u>424,314</u>

NOTE 19. PENDING LITIGATION

The Utility is the defendant in two law suites. One alleges the defendant suffered injuries as a result of the action of employees of the Utilities. The other case is a workmen's compensation claim. The management of the Utility and their attorney feel the Utility has a limited degree of exposure or is adequately covered by insurance.

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

NOTES TO FINANCIAL STATEMENTS - (Cont'd)

November 30, 2007 and 2006

NOTE 20. LEASE AGREEMENTS

The West Baton Rouge Parish Public Utility has entered into two operating leases for vehicles. Both leases contain non-appropriation exculpatory clauses that allow lease cancellation if the Utility does not make an appropriation for its continuation during any future fiscal period. Because appropriation is reasonably assured, information about the two leases is presented below.

Operating lease payments are recorded as expenses when the related liability is incurred. Both leases began in the year ended November 30, 2006. Lease payments totaled \$6,885 for 2007 and \$2,980 for 2006 and are included in Truck and Travel expenses on the Statements of Revenue and Expense.

Commitments under operating lease agreements provide for future annual rental payments as follows

<u>Year Ended</u> <u>November 30</u>	
2008	\$ 6,885
2009	6,885
2010	<u>4,016</u>
Total	\$ <u>17,786</u>

S U P P L E M E N T A R Y   I N F O R M A T I O N

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

OPERATING STATISTICS (UNAUDITED)

November 30, 2007 and 2006

On November 30, 2007, the natural gas system was serving 4,082 customers as compared to 3,941 on November 30, 2006. The number of customers billed during the current period and other customer data are presented below:

Gas Sales	\$ 4,262,268	\$ 4,539,832
MCF's of gas sold	396,878	370,431
Total number of customers' billings	48,513	46,829
Average number of customers billed per month	4,043	3,902
Average monthly revenue per customer	\$ 87.86	\$ 96.95
Average revenue per MCF billed	\$ 10.74	\$ 12.26

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

OPERATING STATISTICS (UNAUDITED) - (Cont'd)

November 30, 2007 and 2006

An analysis of gas sales and purchases for the year ended November 30, 2007 is as follows:

	<u>Amount</u>	<u>MCF</u>
Gas sales	\$ 4,262,268	396,878
Gas loss accounted for		3,242
Less gas purchases	<u>3,327,728</u>	<u>419,835</u>
Gross Profit on Gas Sales	\$ <u>934,540</u>	
MCF Loss unaccounted for in sales		<u>(19,715)</u>
Percent of Loss	<u>4.70%</u>	

The water division of the West Baton Rouge Parish Public Utility was serving 1,272 customers at November 30, 2007.

Operations of the Water Division for the current year are reflected in the following statistical data:

	<u>Placid</u>	<u>Chemical Plant</u>	<u>Others</u>
Water sales	\$ 342,942	\$ 83,098	\$ 456,709
M gallons sold	571,684	138,497	371,341
Total number of customers' billings	12	12	15,025
Average number of customers billed per month	1	1	1,252
Average monthly revenue per customer	\$ 28,579	\$ 6,924	\$ 30.40
Average revenue per M gallons	\$ .60	\$ .60	\$ 1.23

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

SCHEDULE OF CHANGES IN UTILITY PLANT AND EQUIPMENT

For the year ended November 30, 2007 and 2006

	Cost November 30, <u>2006</u>	Additions and (Transfers)	Deletions	Cost November 30, <u>2007</u>
Gas distribution system	\$3,595,346	\$ 145,942		\$3,741,288
Water distribution system	6,459,319	145,677		6,604,996
Sewer System	4,745,774	578,191		5,323,965
Utility and sewer equipment	689,537	43,505		733,042
Office equipment	161,439	1,814		163,253
Vehicles	299,433	31,138		330,571
Buildings	108,948	1,289		110,237
Land	<u>53,978</u>	<u>-0-</u>	<u>-0-</u>	<u>53,978</u>
Totals	\$ <u>16,113,774</u>	\$ <u>947,556</u>	\$ <u>-0-</u>	\$ <u>17,061,330</u>

West Baton Rouge Parish Public Utility

Port Allen, Louisiana

INSURANCE COVERAGE (UNAUDITED)

November 30, 2007

Insurance and fidelity bond coverage on November 30, 2007 were as follows:

<u>Expiration</u>	<u>Insurer</u>	<u>Coverage</u>
February 1, 2008	St. Paul Fire & Marine Insurance Company (Automobile Insurance) Property damage	Bodily injury liability-\$1,000,000; Comprehensive, \$1,000 deductible; Uninsured motorists \$1,000,000; Collision \$5,000 deductible; \$50,000 self insured retention.
January 1, 2008	Parish Government Risk Management Agency (Workmen's Compensation)	Statutory rates, \$200,000 maximum.
February 1, 2008	St. Paul Fire & Marine Insurance Company (General Liability)	General aggregate limit, \$2,000,000; Products-completed operation aggregate, \$2,000,000; each occurrence \$1,000,000; Personal and advertising injury limit \$1,000,000; \$50,000 self insured retention.
February 8, 2008	Western Surety Co.	Public Official's Bond (Director) \$100,000.
March 20, 2008	Western Surety Co.	Position surety bond on the following: Office manager, three secretaries, meter readers; \$255,000.
February 1, 2008	St. Paul Fire & Marine Insurance Company	Water tower coverage, coverage varies by tower, \$5,000 deductible, 90% coinsurance.



**CALVIN L. ROBBINS, JR.**

**CERTIFIED PUBLIC ACCOUNTANT**  
(A PROFESSIONAL CORPORATION)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Parish President, and the  
Chairman and Members of the West  
Baton Rouge Parish Council  
Port Allen, Louisiana

I have audited the financial statements of the West Baton Rouge Parish Public Utility, a component unit of the West Baton Rouge Parish Council, as of and for the years ended November 30, 2007 and 2006, and have issued my report thereon dated May 27, 2008. I have conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit, I considered the West Baton Rouge Parish Public Utility, a component unit of the West Baton Rouge Parish Council's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Baton Rouge Parish Public Utility, a component unit of the West Baton Rouge Parish Council's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Assessor's control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize,



record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

1. An important element in designing an internal accounting control system that safeguards assets and reasonably insures the reliability of the accounting records is the concept of segregation of responsibilities. No one person should be assigned duties that would allow that person to commit an error or perpetrate fraud and to conceal the error or fraud. For example, the same person should not be responsible for any two of the following functions:

- 1) Authorization of a transaction;
- 2) Recording of the transaction; and
- 3) Custody of assets involved in the transaction.

Due to the small size of the organization, a proper segregation of duties is not possible with respect to cash transactions. Management believes it is not practical or cost effective to correct this weakness. This is a repeat finding.

2. The West Baton Rouge Parish Public Utility does not have employees with sufficient expertise and training to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

The Management of the West Baton Rouge Parish Public Utility is aware of this condition, and feels hiring an employee with the requisite qualifications would be cost prohibitive. They feel the most cost effective solution is to have their external auditor assist in preparing year end financial statements in accordance with GAAP.

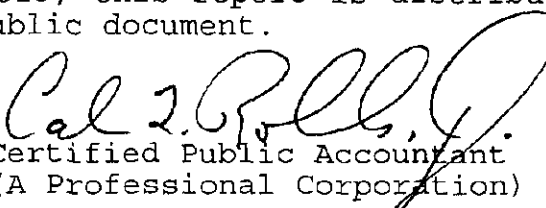
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, I believe that the significant deficiencies reported above are material weaknesses.

#### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the West Baton Rouge Parish Public Utility, a component unit of the West Baton Rouge Parish Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the management of the West Baton Rouge Parish Public Utility, members of the West Baton Rouge Parish Council and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

  
Certified Public Accountant  
(A Professional Corporation)

May 27, 2008  
Baton Rouge, Louisiana